Water Supply
Flood Control
Storm Water Management

Senate Ways and Means Staff Presentation

January 15, 2015

Agenda

- Overview of 3 Water Problems
  - History of Capital Budget Appropriations
  - Governor's Request for 2015-17
  - Financing Options
  - Benefit Cost Analysis
- Department of Ecology Panel
- Yakima Integrated Plan Panel
- Chehalis Basin Flood Control Panel
- Innovations in Storm Water & Floodplain Management Panel
- Jobs/Labor Panel
- Report on Benefit-Cost of Yakima Integrated Plan Components

10 Years of Capital Budget Appropriations Exceed Three Quarters of a Billion Dollars For Water Supply, Flood Control and Storm Water Mgt.

Ten years of Capital Budget Appropriations for:		$ Millions
Water Supply Related Projects	$	383
Flood Control Related Projects	$	133
Storm Water Related Projects	$	264
Combined	$	780

Most of the 10 Years of Capital Budget Appropriations for these Water Problems Come from Bonds

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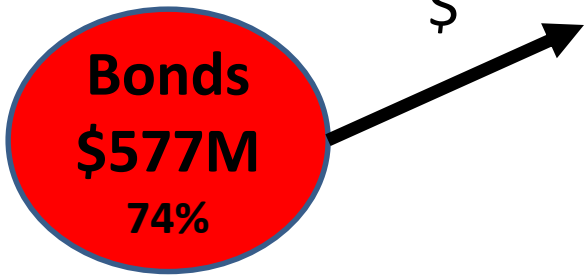

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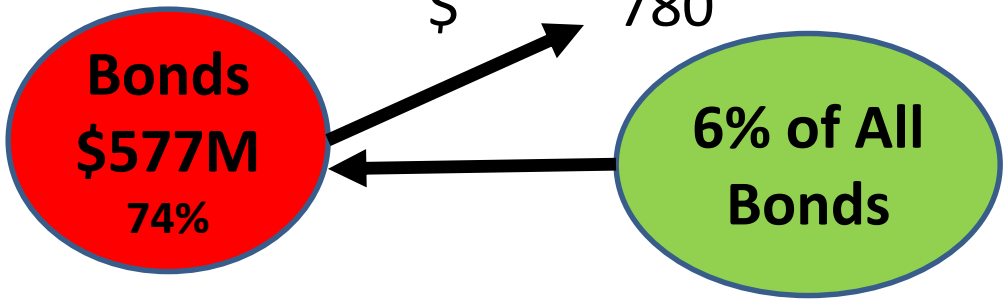

Most of the 10 Years of Capital Budget Appropriations Storm Water Management Come from Model Toxic Control Accounts (MTCA)

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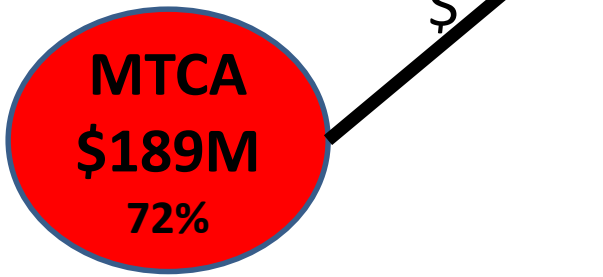
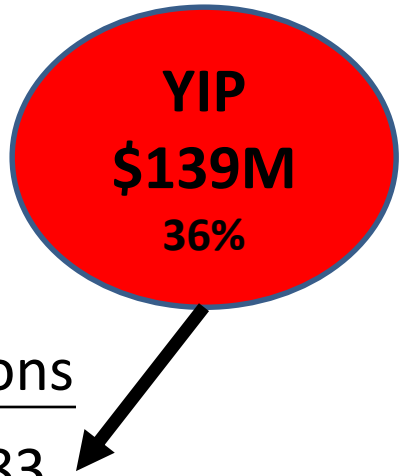


About a Third of the 10 Years of Capital Budget Appropriations for Water Supply was for the Yakima Integrated Plan



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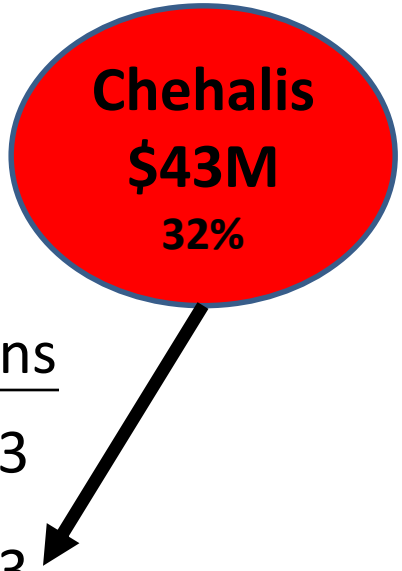
About a Third of the 10 Years of Capital Budget Appropriations for Flood Control was for the Chehalis Basin



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Governor's 2015-17 Capital Budget Request for the 3 Water Issues is at the Average Funding Level for the Past 10 Years

Governor's 15-17 Request:		$ Millions
Water Supply Related Projects	$	33
Flood Control Related Projects	$	55
Storm Water Related Projects	$	74
Combined	$	162

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Water Supply Related Projects	$	33
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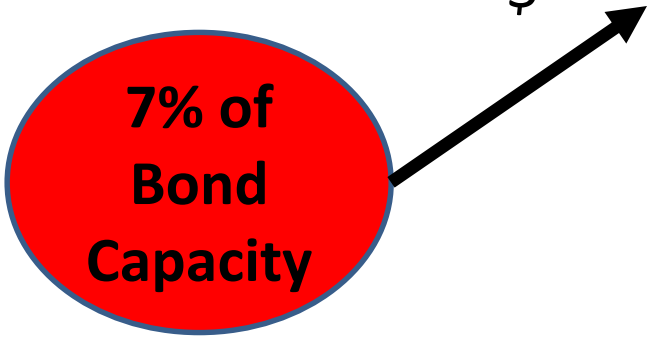

Three Ways to Finance Projects for 3 Water Problems

- Raise Dedicated Revenues
- Commit a Higher Portion of Existing Bond Capacity
- Raise Revenues and Bond Against Them

Preliminary Estimates

For Revenue Proposal in Draft Bill
Raises about $3.5 Billion Over 15 Years

Annual Revenue from Draft Bill S – 0544.2		$ Millions
Special Benefit Assessment (Parcel Fee)	$	160
Revisions of Public Utility Tax on Sewer	$	15
Portion of Existing Hazardous Substance Tax	$	20
Combined	$	195

Preliminary Estimates

Special Benefit Assessment would be $35 for about 2/3rds of All Parcels

Parcel Size in Acres	Residential and Undeveloped Parcels	Non-Residential Developed Parcels
Special Benefit Assessment		
<= 1	$ 35	$ 125
> 1 <= 5	$ 60	$ 250
> 5	$ 90	$ 375
Annual Revenue ($ Millions)		
<= 1	$ 60	$ 24
> 1 <= 5	$ 20	$ 18
> 5	$ 28	$ 17

Preliminary Estimates

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Residential = 1-4 Units

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$6.5 Billion in Debt Svc for $3.5B in Bonds

Would have to Boost Bond Capacity for Water from 6% to 18%

Benefit Cost Analysis

- Objective: to compare the cost to do something with the expected benefits using the same unit of measure - **Dollars**

- Benefits are the tricky part.

✓ What is your baseline?
✓ What is the discount rate?
✓ How do you turn non-economic benefits into dollars?

- How does the capital budget use benefit cost analysis?
  – There are no requirements for benefit-cost analysis for capital budget funding